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MCKEON'S FINANCIAL ADVICE BUCKS MARKET VOLATILITY

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The staff at McKeon Financial's N. Lakewood office includes (from left) administrative and client service assistant Hope Hottendorf, principal adviser John McKeon, and marketing director Jennie Cooney.

By John Wolcott
SCBJ Freelance Writer

MARYSVILLE — Financial investment adviser John McKeon can't see the future, can't guarantee any particular rate of return on investments and can't assure his clients they won't lose money.

No one can, of course.

What McKeon says he can do is offer his clients an array of investments that have historically been less volatile than investments that focused solely on the highly fluctuating stock market.

He's done that well enough to earn several investment production awards during his years of client service as his business has grown. The difference in his strategy, he said, has been determined both by his clientele and by his choices for investing their money.

McKeon continues to offer long-term care insurance, the field in which he first started in 1996 after his service in the Navy. He has close to 1,000 clients, but the vast majority of his time is now spent on retirement income planning.

"Many — but not all — of my clients are approaching retirement or are already in retirement. Retirement income planning is all about 'distribution theory.' As best as they are able to, my clients need to minimize volatility, preserve their principal, generate monthly income and grow their portfolio to protect against inflation."

To do that, McKeon largely ignores "buy-and-hold" investing in stocks and mutual funds, or "accumulation theory." Instead, he invests clients' money primarily in two ways.

First, for liquidity, he utilizes tactical, defensive, actively managed portfolios that tend to be more responsive to ever-changing conditions, with less volatility than the traditional "buy-and-hold" approach. The overall goal is to provide returns over the long term that are largely independent of market movements.

Second, depending on individual client suitability, he might invest some of his client's assets in a portfolio of non-traditional, direct investments that do not trade on the stock market, including real estate, business development companies, equipment leasing and oil and gas drilling and royalties funds, often with the primary objective to generate income.

"All investments involve risk," McKeon said. "The most important risk with these investments is that they are not very liquid, so while they may be suitable for some investors in appropriate amounts, they are not the best option for everyone."

McKeon's investment approach is influenced by institutions such as the Harvard and Yale Endowment Funds, which are heavily invested in nontraditional asset classes. Although past performance does not guarantee future performance, over the past decade, those funds have outperformed other endowment and pension funds, which in turn have outperformed the average equity investor's fund.

“What I have attempted to do at McKeon Financial is to diversify my client's portfolios with many of the same types of investments these endowment funds invest in and with similar allocations, utilizing publicly registered companies and investment products that are suitable and available to my clients through my broker dealer, Independent Financial Group.”

Diversification attempts to add to the strength and performance of portfolios by spreading out risks across multiple investments and asset classes.

Another difference that separates McKeon from other advisers is that he has access to numerous investment opportunities that many large brokerage firms can't or don't offer, or which don't fit their “investment model.”.

“There are advantages to working with an independent broker dealer who will conduct extensive due diligence on a much wider range of investment products, and approve only those that pass their rigorous screening process,” McKeon said. “We decided a long time ago to differentiate ourselves from most other financial planners, and also to work in areas that the individual investor is largely unable to duplicate for themselves.”

McKeon and his marketing director, Jennie Cooney, are introduced to new clients primarily by word-of-mouth referrals, but they also hold financial seminars at their Lakewood office, just west of the I-5 interchange at Smokey Point. Recent seminars were held in Burlington and Bellingham.

Also, in late August and early September each year, McKeon, Cooney and client service assistant Hope Hottendorf staff a booth under the grandstands at the Evergreen State Fair in Monroe.

Much of McKeon's disciplined success comes from his distinguished background as a 1988 graduate of the U.S. Naval Academy (finishing in the top 10 percent of his class), serving as an officer aboard the USS Olympia nuclear-powered submarine and being on the staff of the Commander of the U.S. Pacific Fleet's Anti-Submarine Warfare Force.

A native of Hawaii who enjoys hiking, exercise and photography, he's devoted to his wife, Heidi, his son, Van, and raising beagles. He's a board member of the Greater Marysville Tulalip Chamber of Commerce and he's a member of the Marysville Historical Society and the Smokey Point-Seven Lakes Lions Club. He and his wife together volunteer with Snohomish County Search and Rescue's Operational Support Unit.

“Our mission is to inspire our clients to make informed decisions through education, communication and service which exceeds their expectations,” McKeon said. “Their confidence in and understanding of our focused, long-term strategies was apparent with the recent stock market volatility and drop in August. We essentially had no ‘worried or panicked' phone calls throughout that period from our clients.”